STAND. COM. REP. NO.

Honolulu, Hawaii

APR 0 4 2014

RE: H.B. No. 2464

> H.D. 1 S.D. 1

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2464, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify how the important agricultural land qualified agricultural cost tax credit is to be calculated.

More specifically, this measure clarifies the maximum credit amount that may be claimed under the important agricultural land qualified agricultural cost tax credit.

Your Committee received written comments in support of this measure from Alexander & Baldwin, Inc., Castle & Cooke Hawai'i, The Chamber of Commerce of Hawaii, Hawaii Farm Bureau Federation, Land Use Research Foundation of Hawaii, and the Maui County Farm Bureau. The Department of Agriculture, Department of Taxation, and the Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that the important agricultural land qualified agricultural cost tax credit was established by Act 233, Session Laws of Hawaii 2008, as part of a package of incentives designed to sustain and establish viable agricultural businesses on designated important agricultural lands. Your Committee also finds that the Legislature intended for the cap amount of the tax

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credit to be \$625,000 in the first year, \$250,000 in the second year, and \$125,000 in the third year the tax credit is claimed. However, as currently written, the cap amount of the tax credit appears to be twenty-five per cent of \$625,000 in the first year, fifteen per cent of \$250,000 in the second year, and ten per cent of \$125,000 in the third year. Your Committee believes that this measure clarifies the tax credit to reflect the Legislature's original intent.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2464, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2464, H.D. 1, S.D. 1.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

DAVID Y. TCE Chair

The Senate Twenty-Seventh Legislature State of Hawai'i

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:* HB2H6H HD1	Committee Referral: Date: 4-2-14				
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)					_
KIDANI, Michelle N. (VC)					
CHUN OAKLAND, Suzanne					
DELA CRUZ, Donovan M.		/			- -
ENGLISH, J. Kalani					_
ESPERO, Will					
KAHELE, Gilbert					
KEITH-AGARAN, Gilbert S.C.					<u>-</u>
KOUCHI, Ronald D.					
RUDERMAN, Russell E.					
THIELEN, Laura H.	·				
TOKUDA, Jill N.					
SLOM, Sam					-
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Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature: huhill on , Kidani'					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes